

Memorandum

To: Panel Members Date: February 27, 2003

From: Charles Rufo, Manager Analyst: J. Daunt
Peter DeMauro, General Counsel

Subject: Proposed Amendment Number 2 for **Hitchcock & Holcombe, Inc., d.b.a. Continental Training Center**
www.pctraining4u.com

CONTRACTOR:

- Multiple Employer: Training Agency
- Training Project Profile: Retraining: Companies with Out-of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce
Moving to a High Performance Workplace
- Type of Industry: Various Industries
- Repeat Contractor: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: None of the core group of employers is represented by collective bargaining agreement.

CONTRACT:

- Program Costs:
 - Present Program Costs:** \$186,700
 - Amendment Program Costs +:** \$257,000
 - Total Program Costs:** \$443,700
- Multiple Employer Support :
 - Present Contract Support (8 %):** \$12,890
 - Amendment Support (8 %):** \$17,750
 - Total Support :** \$30,640
- Substantial Contribution:
 - Present Contract Contribution:** \$0
 - Amendment Contribution +:** \$0
 - Total Contributions:** \$0
- Total ETP Funding: \$474,340
- In-Kind Contribution: \$795,010
- Maximum Contractor Charge: \$1,200 per trainee
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Napa, Sacramento
- Duration of Agreement: 24 months

ACTIVE PROJECTS:

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number to be Retained	Number Enrolled	Number Completed Training	Number Hired (Complete for new hires only)	Number retained for 90 days
ET03-0170 Retrainees	10/07/2002 – 10/06/2004	\$199,590	251	165	151	N/A	70

Comments: In addition to the 148 who have completed training, all of whom are expected to complete the 90-day retention period, the Contractor expects another 103 trainees to complete training and retention, for a Phase I total of 251 (100 percent completion) by the end of March 2003.

NARRATIVE:

The ETP Agreement with Hitchcock and Holcombe, Inc., was approved by the Panel in September 2002, to upgrade the skills of 251 full-time employees working for eligible employers that are in the process of transitioning to a high performance workplace. Training began in October 2002 and is progressing as planned.

Hitchcock and Holcombe continues to be eligible under Title 22, California Code of Regulations (CCR), Sections 4400(z) and 4426(a)(6) as a training agency eligible to train retrainees only.

Founded in May 1999, Hitchcock and Holcombe, Inc., d.b.a. Continental Training Center offers computer training for corporations, county and state agencies, and non-profit organizations. Specific types of training include AutoCAD, Land Development Desktop, MicroStation, MicroSoft Office (97 and 2000), MicroSoft Networking Skills, Windows 2000, Microsoft A+ Training, and other computer applications currently in demand.

The Contractor is requesting the addition of a Phase II, consisting of five new job numbers, comprised of a total of 350 new retrainees, employed full-time with an eligible participating employer. Under this proposed Amendment, the maximum total dollar amount of the Agreement would increase by \$274,750, from \$199,590 to \$474,340.

The curriculum, as approved at the time of the original application, will remain unchanged under the proposed Amendment.

Employer Demand

Businesses of all sizes continue to seek optimal ways of providing their employees with the computer-based technical skills and computer literacy required for improving business. Hitchcock and Holcombe's Amendment request calls for providing curriculum modules contained in the original Agreement to additional participating employers, as well as to additional retrainees employed with the current group of participating employers. This expansion, by addition of a Phase II, will address the continuing and growing need, among area employers, for improved Computer Skills and Advanced Technology skills. In the current economy, employees are increasingly asked to produce more and do more within the same number of weekly work hours. Employers recognize that an effective way to accomplish this goal is through skills training.

NARRATIVE: (continued)

Supplemental Nature of Training

The participating employers that will be added to this Agreement under this proposed Amendment, like the core group of participating employers, have certified that training from ETP funds will be supplemental to the existing training programs at their companies. The companies have been providing other types of training to their workers, including team building skills, workload management, general safety, client support, and training related to the core businesses, such as product training and product quality control.

Some of these participating employers have been involved as participating employers in the previous ETP Agreements with Continental Training Center. In some cases, the same types of training will be included in the curriculum under the current Hitchcock and Holcombe Agreement; however, such training will be provided to different employees. None of the employees who received training under previous ETP Agreements with Continental Training Center will receive any repeat training, either under the original Agreement or as amended under the current proposal. There will be no duplication of training for existing employees.

Training contained in the curriculum is tailored to each participating employer and will enable the participating employers to increase the number of employees trained in the advanced computer applications. Each core participating employer has identified current training needs for enhanced productivity, business communications, and overall business viability. These employers have certified that they would not be able to provide this training to their employees.

In-Kind Contribution

PHASE I:

The core employers have committed to providing in-kind contributions to this training in the form of wages paid to trainees during training hours (training is mandatory for all core employers – see first bullet, below), payments for training materials (see second bullet, below), and partial payments for training (see third bullet, below), as follows:

- For the 251 trainees included in Phase I of this Agreement, the total estimated cost of wages to be paid to trainees during training hours is \$136,914.
- Total training materials costs are estimated at \$8,400.
- The amounts to be charged to participating employers are \$700 per trainee for the 40-hour training plan (Job Numbers 1, 2, and 5), and \$1200 per trainee for the 60-hour training plan (Job Numbers 3, 4, and 6). Under the plan, there are 183 trainees who will receive 40 hours training and 68 who will receive 60 hours training. The total amount of these fees for all 251 trainees is \$209,700.

The total in-kind contribution for Phase I is \$355,014.

NARRATIVE: (continued)

In-Kind Contribution (continued)

PHASE II:

Participating employers have committed to providing in-kind contributions to this training in the form of wages paid to trainees during training hours (training is mandatory for all participating employers – see first bullet, below), payments for training materials (see second bullet, below), and partial payments for training (see third bullet, below), as follows:

- For the 350 trainees included in Phase II of this Agreement, the total estimated cost of wages to be paid to trainees during training hours is \$141,696.
- Costs of additional training materials are estimated at \$3,300.
- The amounts to be charged to participating employers are \$700 per trainee for the 40-hour training plan (Jobs 7, 8, and 10), and \$1200 per trainee for the 60-hour training plan (Jobs 9 and 11). In Phase II, there are 250 trainees who will receive 40 hours training and 100 who will receive 60 hours training. The total amount of these fees for all 350 Phase II trainees is \$295,000.

For Phase II, the total in-kind contribution (and the overall increase of the in-kind contribution for the Agreement) is \$439,996.

FROM PHASE I TO PHASE II:

By this Amendment, the total in-kind contribution will increase by \$439,996, from \$355,014 to \$795,010.

COMMENTS:

Of the 601 trainees in this project as amended by the proposed Amendment, 544 trainees meet the definition of frontline worker under Title 22, California Code of Regulations, Section 4400(ee). Approximately 57 Managers will be participating in the project, representing 9.5 percent of the trainees.

PROPOSED ACTION:

Staff recommends that the Panel find Hitchcock and Holcombe's proposed Amendment No. 2 reasonable and approve this Amendment request, if funding is available and the project meets the Panel's priorities. The Contractor, Hitchcock and Holcombe, Inc., has stated that the proposed training will improve the skills of an additional 350 high-technology employees working full-time for the participating employers. These employers, consisting of both small and large businesses, will consequently be advanced toward higher performance, greater productivity, and improved business viability in an increasingly competitive marketplace.

TRAINING PLAN:

Job Numbers / Trainee Type	Types of Training	Number to Retain	Number Class/Lab Videocnf. Hrs.	Number CBT Hrs.	Number SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
PHASE I: 1, 3, 5, and 6 Retrainee	Computer Skills Advanced Technology	204	40-60	0	0	\$556- \$1,283	*\$11.15- \$45.00
PHASE I: 2 and 4 Retrainee <100	Computer Skills	47	40-60	0	0	\$855- \$1,283	*\$11.15- \$35.00
PHASE II: 7, 9, 10, and 11 Retrainee	Computer Skills Advanced Technology	300	40-60	0	0	\$556- \$1,283	*\$11.15- \$45.00
PHASE II: 8 Retrainee <100	Computer Skills	50	40	0	0	\$855	*\$11.15- \$35.00
					<u>Range of Hourly Wages</u> *\$11.15-\$45.00		
					<u>Prevalent Hourly Wage</u> \$11.96		
					<u>Average Cost per Trainee</u> PHASE I \$795 PHASE II \$785		
<u>Health Benefit used to meet ETP minimum wage:</u> * Health, dental, and/or vision benefits vary by participating employer and may be added to trainees' wages in to satisfy the ETP minimum hourly wages of \$11.15 for Napa and Sacramento Counties.				<u>Turnover Rate</u> PHASES I & II 20% or less		<u>% of Mgrs & Supervisors to be Trained:</u> PHASES I & II 9.5%	

**Participating Employers in Retrainee
Multiple Employer Contract**

Contractor's Name: Hitchcock and Holcombe, Inc., d.b.a. Continental Training Ctr. CCG No.: ET03-0170

Reference No: 03-0041 Page 1 of 2

Amendment No. 2

Company: Capital Engineering Consultants, Inc.

Address: 7300 Folsom Blvd., #100

City, State, Zip: Sacramento, CA 95826

Contact Person/Title: Angela M. Davenport, Office Manager

Telephone No.: (916) 431-3001

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 20

Total # of full-time company employees worldwide: 68

Total # of full-time company employees in California: 68

Company: Claims Management Insurance / Managed Benefit Administrators / Single Source Medical LLC

Address: 2868 Prospect Park Drive

City, State, Zip: Rancho Cordova, CA 95670

Contact Person/Title: Dean Nakatani, Vice President Information Systems

Telephone No.: (916) 631-1241

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 16

Total # of full-time company employees worldwide: 18

Total # of full-time company employees in California: 18

Company: Franciscan Vineyards, Inc.

Address: P.O. Box 407

City, State, Zip: Rutherford, CA 94573

Contact Person/Title: Alan Green Hill, Manager

Telephone No.: (707) 963-7111

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 40

Total # of full-time company employees worldwide: 150

Total # of full-time company employees in California: 90

**Participating Employers in Retrainee
Multiple Employer Contract**

Contractor's Name: Hitchcock and Holcombe, Inc., dba Continental Training Ctr. CCG No.: ET03-0170

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Amendment No. 2

Company: Sierra Pine LTD

Address: 4300 Dominguez Road

City, State, Zip: Rocklin, CA 95677

Contact Person/Title: Matt Miller, Technical Director

Telephone No.: (916) 624-2473

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1,300

Total # of full-time company employees in California: 450

Company: Surewest Communications

Address: 8150 Industrial Blvd.

City, State, Zip: Roseville, CA 95678

Contact Person/Title: Phil Germond, Vice President

Telephone No.: (916) 786-1280

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 120

Total # of full-time company employees worldwide: 800

Total # of full-time company employees in California: 800

Company: Varian Electronic Manufacturing, Inc.

Address: 3715 Atherton Road

City, State, Zip: Rocklin, CA 95765

Contact Person/Title: Mari Bradford

Telephone No.: (916) 632-3456

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 45

Total # of full-time company employees worldwide: 4,000

Total # of full-time company employees in California: 225